G. R. S. IX-5]

P 89

*Previous references.*

**File No.** 67-13.

**1913-14.**

**Serial Nos.** 80, 89, 90, 107, 189, 190, 194, 211, +316.

( G. M. )

*Later references.*

# GENERAL AND REVENUE SECRETARIAT.

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*Serial Nos.* 80, 89, 90, 107, 189, 190, 194, 211, 316

**Part B for** July, 1916.

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SUBJECT.

Re: Rules for the grant of loans for promoting agricultural and Industrial Operations.

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W D 88—GPB—50,000—24-7-16

G.R.S. 11] 1913.-(4

# GENERAL AND REVENUE SECRETARIAT.

(Gen. Misc.)

## NOTES.

For File No. 6-3

FILE HEADING.

Industries and Commerce in Mysore.

From

| No. | Dated | Received |
|---|---|---|

| Diary No. | Enclos. | Spare Copies. | Serial No. |
|---|---|---|---|

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

Extract from the Dewan's note dated the 28th August 1913 on G.M. file 55-12-31:

× × ×

"3. I am of opinion that we may safely set ~~apart~~ apart a sum of ten lakhs of rupees for

NOTES—First Sheet.

GPB—35,000—15-6-12

General and Revenue Secretariat. | G-M- File No. 67 of 1913-14.

Serial No.

fund of loans of this description. Setting apart 10 lakhs does not imply that the whole amount will be utilized or spent. Every effort will be made to see that the total amount outstanding on this account within the next five years, at any time, will not exceed this amount. The amount thus set apart will remain as an advance which when actually given out as loans, will be earning interest at 6½ p.c. x x x . . x".

x M.

(2) In para 4 of the Govt. Resn. issued on this subject it is stated that a sum of money will be set apart every year by Govt to be granted as loans for agricultural and industrial undertakings, and a portion thereof placed at the disposal of the Director of Industries for disbursement within his powers from time to time. It is necessary to arrange for a definite amount being allotted for this purpose for the current year. Draft letter to the Comptroller requesting him to intimate the amount that can be made available is submitted for approval.

W. 103 BR 22/9/13 Secretary

22.9.13.

Issue

C813 23/9/13

NOTE—Contn. sheet.

GPB—65,000—'7-6-12.

G. R. S. 12]

General and Revenue Secretariat.

G. R. File No. 67 of 1913-14

| Serial No. | |
|---|---|
| 80 | To the Comptroller. G. 2775 dt 25-9-13. Requesting him to intimate what amount can be set apart this year for the grant of Loans referred to in para 4 of G.O. No. 2097-145 dt 2-9-13. |
| 89 | Letter No. 2417/B+R 350 dated 4/10th Octr 1913 from the Comptroller stating that his Office has no information as to the amount that will be required for the purpose during the current year and requesting to be furnished with an estimate of the probable requirements made by the Dirr. |
| | Dft to Dirr submd<br>BR 25/10/13<br>Issue<br>29-10-13 |
| 99 | To the Director of Industries & Commerce<br>No. G 3302 dt 5.11.13<br>Forwd copy of Comptroller's letter dt 4.10 and requests to be furnished with an estimate of the probable amount likely to be required for granting loans for the purposes. |

NOTE—Contm. sheet.

General and Revenue Secretariat. | G. R. File No. 67 of 1913-14

Serial No.

67

Letter Camp No 1 dated 7th Novr 1913 from the Dirr of I & C stating in reply to the above that a lakh of rupees may be allotted in the current year for Taccavi loans and for payments for purchase of machinery under the hire-purchase system.

(6) Submitted for orders.

8/11/13 Secretary 8/11/13.

6006
10.11.13

(7) The proposal of the Director be kindly approved.

Durand) 8/11/13

(8) The Fin'l Secretary may be consulted as to the provision of funds.

(9) Please circulate to Council

12.11.13 KB

H. his 570

(10) Br II pr opinion

12/11/13

(11) Subd 15/11 15/11 17/11 A provision of one or two lakhs may be added to Taccavi advances in the Ways and Means Estimates

NOTE—Contn. sheet.

GPB—6⁵,000—7-6-12.

Serial No.

570

during the next five years when the existing provision may be repealed. Here was perhaps ~~to be~~ ~~considered~~ provided ~~for~~ only 2 tables each year so that the 10 tables of the Deccan may have been allotted during the next five years.

17.11.13

Secy)

(12) Please put up a scheme on the lines orally indicated by which the Mysore Bank may actually finance these loans on the security of Govt.- M

17/11/13

(13) [I am sorry owing to pressure of other work and my being rather ill in indifferent health for a few days the case has been delayed & I express my regret for the delay.]. The scheme for Tuccaram is whether instead of the State providing the necessary funds it may not be open to the Secretary of Govt against loss make any Banking institution to take up the business. If that Concern be one of long standing & have to investigate the applications & pass on such that they are inclined to sanction the Bank for Compliance. Mr. Wood

NOTE—Contn. sheet.

GPB—65,000—7-6-12.

Serial No.

Save the Govt from paying any money and the money saved can be utilised for other purposes, say for investments in RBs & other agencies for Extension of Railways and Cables which have otherwise have to be pushed upon this Govt some how or a long way in pushing on such Extensions.

(14) Looking at the Statement of affairs of the Bank of Syrne it is seen that their Capital subscribed the Govt subscription has not been fully taken advantage of & Constituents perhaps there is a dearth of Solvent business and the Bank can only give a little, & they can take up the business they will have an outlet for 10 Cables and absolute security against loss & yet will indemnify them against all loss.

(15) In para (C) (3) of the memorandum of Association the Bank has reserved power "to undertake transact any other business having objects wholly or in part similar to those of the Bank which the Govt may from time to time entrust to the Bank, including the

NOTE—Contn. sheet.

GPB—60,000—25-9-13.

Serial No.

making of loans to Co-operative Credit Societies for Agricultural purposes."
In lieu of the said memorandum the Bank has reserved power "to make advances or lend "on the security of immoveable property whereas such property or the Security taken is included as ~~the~~ Security along with moveable property such as the Machinery Plant or other Stock of Mills, factories or other industrial Concerns."

(16) From the above it will be clear that the taking over of the business of the Bank is not in any way an infringement of their memorandum of Association and the only points to be considered in this connection are (1) Whether the interest of 6½% will be taken by the Bank & (2) Whether annual instalment will suit the method of working of the Bank. When the Bank gives loans for Agricultural purposes they can only get annual parts and there is nothing preventing the Bank from prescribing the annual parts in such cases where a large amount of profit is certain & safe investment is ensured

NOTE—Contn. sheet.

GPE—65,000—17-6-12.

Serial No.

570.

the lower rate of interest may be
a bar to their undertaking the
business. I therefore think the Bank
will on their own interest take
up the business if offered to them.
(17) Supposing the Bank takes up
the business the next question for
consideration is ~~how~~ what the procedure
would be for it to follow. It is not
considered desirable that the machinery
Act should prescribe collateral security
shares be directly pledged & the Bank
should get a deed of mortgage in
their favour and as a consideration
for the same permit the drawer
of Hundies like a second signature
to the Bond which may be negotiated
at the Bank. Of course the Bond may
run for one year at a time but may
be renewed from year to year till
the entire loan is discharged. The stamp
fee payable would not be much as
need not deter us from a consideration
of the scheme.

Dessey
15. XII. 15

(18) It is doubtful whether such transactions

NOTE—Contn. sheet.

GPE—65,000—17-6-12.

Serial No.

would exactly suit a bank, but from some conversation I had with Mr Rose he seemed to be very eager to get the business.

(1) The party would pledge the properties to Govt & Govt would stand security for the loan. That is the idea.

(2) A Committee consisting of Messrs Chatterton, Rose & myself may if desired consider the question and report.

JR.

BRT/

Secy

BR 17-12-13

RN. 17/12

Secy.

21 I had a talk with Mr Rose about this a few days ago & he thought that the Bank might take up this business, as among other ~~reas~~ advantages, it would make the Bank better known among the enterprising ryots & businessmen & ultimately lead to increased business.

22 A small Committee as suggested by Govt Secy might be asked to go into details & report.

23 (2nd Cr & Dewan)

This is a very good idea & is worth a trial. A small committee as proposed

CSB 8/1/14

HRT 9.1.14

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. G.M. File No. 67 of 1913-14

Serial No.

Comptroller may be formed & they may be requested to do with reference to working & submit their recommendations & draft for orders.

7063
15-1-14

13/1

(1) Further action may be taken as suggested by the 2nd Councillor

22-1-14

Please put up a letter

23/1/14

Attended to
27.1.14

(27) A G.O. would probably do better than a letter. Draft may be put up

29/1/14

(28) The matter is not advanced enough for a G.O. A letter seems more suitable. Please see alterations & remarks in draft & put up revised draft

29/1/14

(29) Revised Drfts put up accordingly

29/1/14

(30) Issued

28/2/14



GPB—60,000—7-11-13

G. R. S. 12]

5817

(b)

General and Revenue Secretariat.

G. R. File No. 67 of 1913-14

| Serial No. | |
|---|---|
| 189 | Letter No. G 6572 dated 17th Feb 1914 to the Dir of I & C in Mysore — States that Govt are desirous of investigating the advisability of entrusting the Mysore Bank with the financing of the loans under reference and requests that the subject may be discussed by him in Consultation with the Comptroller to Govt and the manager of the Bank & their proposal placed before Govt for being formally dealt with. |
| 190 | Letter No. G 6573-14 to Messrs J. S. Chakravarti & Mr. W. C. Rose forwards copy of the above and requests them to act in Communication with Mr Chatterton and place their joint proposals before Govt |
| 194 | Letter No. 5104 dated 13th Feb 1914 from the Comptroller to Govt. — Points out that no allotment of funds is set apart for the grants of loans and requests that, as the Dir is pressing for the payment of some of these loans, steps may be taken early in the matter. |
| | Subd for orders. |

NOTE—Contn. sheet.

GPB—68,000—7-11-13

19-2-14

G. R. S. 12

General and Revenue Secretariat.

G. R. File No. 67 of 1913-14

Serial No.

587

3/ As directed by the Asst Secy. informal enquiries have been made in the Offices of the Comptroller and of the Dir^r of I & C. It is learnt that no amount has as yet been disbursed to the Comptroller on account of the loan applications sanctioned so far & that bills for the supply of various kinds of machinery purchased by the Dir^r are pending payment.

3/ It is therefore necessary to issue orders to set apart a lakh of rupees for the grant of the loans in question and to confirm the same in the Fin. Deptt.

3/ Branch II may be consulted

SM 26/2/14

Submd & orders.

3/ Secy)

Sion 27/2

NOTE—Contn. sheet.

GPB—60,000—7-11-13

I shall be obliged
if Asbtrey B & H
will kindly see
that the order is
~~issued~~ returned
for issue without
delay. Serious
inconvenience is
being caused by
the Director not being
placed in funds.

CBS
24/3/14

General and Revenue Secretariat.

G. R. File No. 67 of 1913-14

Serial No.

MR 476-13

Draft order directing that a lakh of rupees be set apart for the grant of loans for agricultural & industrial purposes during 1913-14 is submitted

28/2/14

Draft for concurrence before issue

2/3/14

4r 3/3/14

H. Dis 1036.

Subd. 4/3

Pending the final settlement of the question whether the Mysore Bank may not be allowed to finance this in which case the money paid for the Bank will be repaid & the Bank to pay, we may agree to the proposed draft order.

4.3.14

Secy

No objn. 4/3

The draft order may be approved. When the arrangements with the Bank are completed the transaction may be

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

551

General and Revenue Secretariat.

G. R. File No. 67 of 1913-14

Serial No.

transferred to the Bank in a suitable manner.

(2) Several loans have been already sanctioned & the Director has asked machinery set running in the expectation of money being found at an early date. It is understood that the Comptroller has not placed funds at the disposal of the Director for want of an order of the kind now putup. This is causing inconvenience. The draft may therefore be approved & issued without delay.

Dewan) 4/3/14

8010 5.3.14.

(1) Draft approved by Dewan 5.3.14.

Issue at once

9/3/14

211 To the Dir: of Ind: & Com:, Comptr: thro' Br II and Secy: E: C. No. G 7228-30 of 7th March 1914.

With refce to correspondg with Sl 107 and 1914, requests the Comptr to set apart a lakh of R. for the grant of loans during 1913-14 & to issue instructions for funds being disbursed by the Dist...

NOTE—Contn. sheet.

GPB—60,000—7-11-13

Serial No.

out of this amount according to the procedure prescribed in G.O. No 9 dated 166 (1-44 25th Feb 1914.

316 Letter No 158 dated 18th July 1914 from the Dir of I & C in Mysore —

States for reasons given that it is not practicable for the Bank of Mysore to finance the loans granted for agricultural and commercial purposes (illegible) Subd for orders.

22/7/14

(4p5) No objections raised by the Director will disappear if the properties offered by borrowers are pledged to Govt., and the loans are advanced by the Bank on the Security of Govt. (as suggested by the Finl Secy (Please see para 19 Enclg)

(4p6) The Director says that he has Consulted the Chairman only also. Subd for orders.

Sec 4 22/7.

(4p7) Govt The file may be sent to the Hon'ble Mr for remarks. It is not clear from Mr Chatterton's letter that the opinion he gives is also the opinion of Mr Chakravarti & Mr Rose

CSS 22/7/14

(4p8) Forwarded to the Finl Secretary for favour of remarks.

By order

Benjamin Thomas

22/7/14. Sec 4 to Govt

Secy 5

NOTE—Contn. sheet.

GPB—10,000—13-6-14

G. R. S. 12]

General and Revenue Secretariat. File No. 67 of 191

Serial No. 95

Subd. 24/7/14

In the circumstances I recommend that we make a provision for the purpose.

Please 27.7.14.

50 I differ from Mr Chatterton & think that it would be a great advantage to bring the Mysore Bank into contact with agricultural & industrial borrowers. I framed a scheme and discussed it with Mr Rose but Mr Rose & I could not agree on one point & that is why the scheme was dropped. Mr Rose wanted the Govt to make all enquiries & take the full responsibilities of a surety and also to pay instalments in default from Govts own funds, but he would not give any cent of the 6¼% interest to Govt for these services & risks. The attached copy of correspondence with Mr Rose would explain the situation. I have yet hopes that the Mysore Bank will at some time accept the terms offered by me.

M 28/7

GPB—10,000—13-6-14

(51)

Copy of D.O. letter No.67, dated 19.2.14. from the Comptroller to the Government of Mysore to the Manager, Mysore Bank Ltd., Bangalore.

-----O-----

Sometime ago you mentioned to me that your Bank was willing to take upon itself the work of issuing loans for Industrial and Agricultural purposes which the Government is now undertaking to do. I am herewith sending you a copy of the rules framed by the Government for the grant of such loans and to enquire if your Bank even now want to take up this work. In case you are agreeable to take it up the loans would be granted under the terms of the enclosed Government Order but the money would be paid by the Bank instead of by the Government. The preliminary investigation would be done by the Officers of the Government and the Bank would advance the money on the loan application being countersigned by the Director of Industries. The Government would thus stand as a surety for the loan and if there is any default in the repayments which are to be made direct to the Bank, the Government would pay the balance due to the Bank and take steps to recover it from the defaulting party.

An early reply will oblige.

-----O-----

"Copy"

A

3-8-14

Copy of D.O. dated 27th February 1914 from the Manager, the Bank of Mysore, Ltd., Bangalore, to The Comptroller, Mysore Government, Bangalore.

--------O--------

I have your D.O. of the 19th instant. I had an opportunity, recently, of discussing with Mr. Chatterton the matter of the Bank taking upon itself the work of issuing loans for Industrial & Agricultural purposes, under the terms of Government Order No.G.2097-145/G.M. 55-12-239 dated 2nd September 1913, and I think it would help Government to come to an early decision in the matter of the employment of this Bank as the Agency for the provision of the necessary funds, if I briefly state the terms and conditions on which I am prepared to recommend the proposal to the Directors of the Bank. At the onset, I may state that my chief wish to participate in the work of issuing loans for Industrial and Agricultural purposes is prompted by the desire to get the Bank and its working directly known to Agriculturists, for there can be little doubt that in the steady growth of an intimate business relation-ship between the producer and the Bank is the future welfare of the Bank in a great measure dependent. I feel that if the members of a village community could get in touch with this Bank which are prepared to help them, on the security of the produce of their lands, to pay, in the first instance the government dues, next to enable them to secure a fair price, or even to go to the extent in helping them, or Co-operative societies, to get in touch with the European buyers of produce, who are, now, to a great extent operating

operating through middlemen. Now, if the Agency for the working and financing of the loans is to be entirely in the hands of the Government, I fear that the extension of the Banks operations into districts will in a measure be checked at its very inception.

The cultivator will naturally come to permanently regard the Government both as his landlord and Banker, especially under rule 1(3). Whereas, when he percieves that it is the Bank that are making him the advance, he will probably, in time, begin to shake off his present dependence on Government for all his wants, and deal direct with the Bank. Naturally, such a desired state of affairs can only come to pass with the opening up of Agencies by the Bank, and until such time there is no more suitable Agency than Government available to the agriculturist.

For the foregoing reasons, I am prepared to recommend to the Directors the financing of these loans under the following conditions:-

(i) The preliminary investigations, question of title, the due execution of the agreement and mortgage deeds to be undertaken by the Government.

(ii) All advances to be made by cheques on the Bank drawn by the Director of Industries and Commerce for not less than Rs.1000/-

(iii) The rate of interest charged shall be 6¼% per annum commencing from the date of payment by the Bank, and calculated as provided in Rule 9.

(iv) All loans shall be repayable by fixed annual

instalments discharging both principal and interest, and the period of such advances shall not exceed 5 years in the case of loans for industrial purposes, and seven in the case of loans for agricultural purposes.

(v.) All repayments to be made direct to the Bank, and if necessary the Government will issue at all District and Taluk Treasuries, Supply bills at par to borrowers.,

(vi) Government to pay the Bank any instalment wholly o partly in arrear, and in the event of it being decided to close a loan account, under Rule 14, Government shall pay the balance and interest due to the Bank, and take steps to recovor the amount from the defaulting debtor.

(vii) Separate accounts will be opened by the Bank in the name or names, of every debtor or debtors, as advised by the Director of Industries & Commerce, will be furnished showing the payments made.

and a bank Pass Book in the name of the Director of Industries & Commerce

(viii) The Bank will advise the Director of Industries and Commerce of all instalments and repayments received by the Bank and also the non-receipt of any instalment.

(ix) The Bank will, for the first three years, place a sum of Rupees one lakh annually at the disposal of the Director of Industries and Commerce.

--------0------

(53)

Copy of D.O. letter No.143 dated 14 April 1914 to the Manager, Mysore Bank Ltd., from the Comptroller to the Government of His Highness the Maharaja of Mysore, Bangalore.

------0------

With reference to your D.O. of the 27th February 1914, in the matter of the Mysore Bank taking up the work of granting Industrial Loans, I have to state that critcism has been levelled against the scheme by some on the ground that the Bank takes the entire benefit of the loan while the entire risk and trouble falls on the Government, that the bargain is consequently one-sided. I therefore beg to enquire if, in modification of your proposals, your bank can agree to give the Government a small portion of the 6½% interest realised say 1% to serve as a compensation for the risk run by Government in standing as surity, and as a partial return for the expenses incurred in investigating loan cases. I may mention that a special Officer on pay Rs.250/- and an Establishment at a cost of Rs.40/- per mensem are specially entertained for this work, and thus the interest suggested to be paid to Government can amount only to a part of the amounts spent by Government. On loans guarenteed by Government a return of 5½% will not be bad for the Bank.

Kindly consider the matter and favour me with an early reply.

(54)

Copy of D.O. dated 24th April 1914 from the Manager, The Mysore Bank Ltd., Bangalore, to The Comptroller, Mysore Government Bangalore, re: Industrial Loans.

--------0--------

I have to acknowledge the receipt of your D.O. letter of the 11th Instant No.143. From the arguments levelled against the terms submitted in my D.O. letter of the 27th February last, I conclude that my critics apparently overlook, or seem to assimilate, the position of the Government and the Bank in this matter. In the case of the Bank, it may possibly be in the dim and distant future that it will be able to lay its hands on funds that Government are now able to secure from the public at 3½% - not to mention those of public bodies and surplus revenues free of all interest. From these resources, it is clear the Government are able to make a profit on the grant of Industrial loans at 6½%. Now, on the other hand, the money the Bank obtain from the public costs 4½% (its rate for fixed deposits) plus working expenses 2% or 6½%. So in offering to make the loans at 6½% on behalf of the Government, it will be apparent to you that no profit accrues to the Bank over the transaction - more especially as the labour involved will probably entail the creation of another Department of the Bank under a special Accountant. It must also be remembered that the Government deal with Public funds on which no return is expected by the taxpayer in contrast to the expectations of the shareholders that I have to appease.

(5) It is unnecessary for me to add that I must not look upon this matter as a business to be financed by the Bank on philanthropic lines. Besides, its very nature means a lock of funds for some years, and on a security not negotiable It would be a different matter if the Government agreed to issue short dated Promissory notes at 5¼% for the Banks advances, and which I could utilize in the event of any sudden demand on the Bank.

-------0-------

G. R. S. 12]

General and Revenue Secretariat. | G In File No. 67 of 1913

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(56) Submitted with the Financial Secy's [illegible]
The Agricultural Committee of the Economic Conference may probably be asked to investigate the question further and submit suitable proposals if possible, in Consultation with the Bank authorities.

K. 7/8 Secy

(57) It seems to me that the matter may be dropped for the time being & taken up again after another year or so when we have had further experience of the development of this Takavi business

(58) Just at present the money market is unsettled owing to the war & it would not be in the interests of the Bank to lock up its money in unrealisable [illegible]

COS 5/8/14

2nd member

(59) I agree. But it is [illegible] that this question will not be lost sight of. It might be taken up again for consideration in the next Calendar year.

[illegible] 11/8

(60) Please bring up the file again on 15th Jan 1915

CSB 14/8/14

NOTE—Contn. sheet.

GPB—10,000—13-6-14

Received 15-1-15

632-13

G. R. S. 12]

General and Revenue Secretariat. | G. R. File No. 67 of 1913-14

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1. The following table shows the loan sanctioned since the issue of the Order of 2nd Sept[r] 1913 up to date: —

| Period | No. of applications | amount |
|---|---|---|
| 1) Official year 1913-1914 | 25 | — Rs 96,796-4- |
| 2) Quarter ending 30th Sept[r] 1914 | 6 | — 12866-00 |
| 3) — — 31st Dec[r] 1914 | 8 | — 15125-00 |
| Total | 39 | — Rs 1,24,787-4- |

(4) Submitted as per Asst. Secy's orders (on the routine note)

SR 8/2/15

SW 8/2/15 Submitted with reference to paras 57 & 58 supra.

(5) The extraordinary situation on account of the war has not yet disappeared.

Hon 8/2-

(6) The file may be sent to Mr Chesterman on his return from leave. He may then reopen the negotiations with Mr Rose if he considers it desirable.

CBB 5/2/15

Hon 5/3.

Sec II

NOTE—Contn. sheet.

GPB—10,000—13-6-14

G. R. 4, 12]

General and Revenue Secretariat. | File No. 6/ of 1913.

Serial No.

Subd
Bbn
8/3 (Resd)

hg
9/3/13

1353

M/s

Please put up three months hence — time is not yet opportune — but in the meantime if I happen to see Mr Rose I shall discuss the subject.

M
17/3

Subd with reference to the Financial Secy order above.
Bbn (Resd)
15/6/15

hg
16.6.15

1956

To Put up after my return from vacation

M

3.

Resubmitted.
Bbn.
29/6

Vo hg

I have seen Mr Rose about this — M/s will please bring up for instructions regarding putting up a draft

M
13/7

Draft Do. to Mr Rose is put up

NOTE—Contn. sheet.

GPB—10,000—13-6-14

Serial No.

as quicted - It may well issue from the Comptr's office, as all previous Correspondence with Mr Rose in this matter ~~took~~ ~~Place~~ was carried on from there - Yesen?)

178

To Heywell. M

Sent as requested by Comptr's office 4/10

Rec. 29/9/15. 10.8

Q 317/17. 9. 1915.

74 A copy of Mr. Rose's reply of 19th August to the D.O. from the Comptroller's Office is attached. Mr. Rose thinks there is no chance of the Directors of the Mysore Bank agreeing to make advances on account of Industrial and Agricultural loans for any interest less than 6% per annum.

2. As by this arrangement there will be a margin of ½% for Government, I think we may agree to the arrangement. The Bank's conditions for financing these loans are set forth in the Manager's D.O. letter to me of the 27th February 1914 (page 18 of these notes). According to these terms, the preliminary investigations, question of title and the execution of the agreement and mortgage deeds have to be undertaken by

NOTE—Contn. sheet.

GPB—10,000—13-6-14

Serial No.

by the Government, and Government should pay to the Bank any instalment wholly or partly in arrear. If the loan account is to be closed under rule 14, Government should pay the balance and interest due to the Bank and take steps to recover the amount from the defaulting debtor.

76 As these are conditions which operate even when the loan is advanced by Government, I don't think there can be any objection. On the other hand there is the advantage that there will be some saving of work to our overworked treasuries both in regard to cash transactions and matters of accounting, and the scheme has also the merit of popularizing the Bank with the rural population. The scheme may therefore be tried for some period on the terms proposed by the Manager with the only modification that the Bank should be satisfied with 6% interest.

77 I am inclined to believe that it will work well. A clear set of rules should be prescribed for the guidance of the Departmental officers in regard to the procedure to be followed by them in the matter of investigation, payment of monthly instalment to Bank, maintenance of proper accounts, their verification with the Bank accounts and other matters connected with the relation of the Industries Department with the



GPB—10,000—13-6-14

[Gi. R. S. 12]

General and Revenue Secretariat.

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the Bank in this connection.

GPB—20,000—30-6-15.

D. O. dated 19th August from Mr. W.C. Rose Manager, The Bank of Mysore Limited, to the Comptroller, Mysore Government, Bangalore.

---

re: Loans for Industrial & Agricultural purposes.

I have your D.O. of the 12th instant re the above matter. I do not think there is any chance of the Directors agreeing to make advances for the above purposes under 6% per annum.

---

" C O P Y "

Assistant Examiner,
Record Section
Comptroller's Office.

SAM.

12th August 1915

Dear Mr. Rose,

Please refer to D.C. correspondence ending with your letter dated 24th April 1914 in the matter of the Bank taking up the work of granting industrial and agricultural loans. From this correspondence, it would appear that the Bank was agreeable to take up the work on the conditions suggested by me that the preliminary investigation should be done by the Officers of Government that the Bank should advance the money on the loan application being signed by the Director of Industries and in conformity with the Government Order about industrial loans, that repayment should be direct to the Bank and in case of default Government was to pay the balance due to the Bank taking steps to reimburse itself from the defaulting party. You were not able to agree, however, to pay Government a portion of the interest say 1% as compensation for the risk run by Government in standing as surety and as a partial return for the expenses incurred in investigating loan cases. I write to enquire if on this last point you still hold the same opinion or if you are now prepared to accept my suggestion.

Yours sincerely,

W.C.Rose, Esq.,
Manager, The Bank of Mysore,
Bangalore.

SDV/

General and Revenue Secretariat. | G M File No. 6) of 191 3-14

Serial No.

2-9

3-9 may the Dir of I & C be ~~consulted~~ asked to furnish Govt with his opinion on the final proposal of the Bank as set forth in the above note 2. I apprehend

DS 8/10/15 Secy

Secy 9/10

8/ Yes. I am not sure whether Mr Chatterton will at all be inclined to change his opinion. If Govt are to take all the risk I think it much better for Govt to have entire control over the loans than give the entire profit to the Bank and be liable for the loss. The ½ per cent proposed to be given will not cover even the cost of investigation. The argument that by transferring this business to the Bank, Govt are likely to

NOTE—Contn. sheet.

GPB—25,000—2 11-14

G. R. S. 12]

General and Revenue Secretariat.

File No. 67 of 191 .

Serial No.

have some fluid resources for other expenditure even looks the fact that even if we should have to borrow for making the advances a substantial margin of profit will be left

B
13/10/15

Forwarded unofficially to the Dir of Industries & Commerce in support for favour of opinion.

By order

Offg Secy to Govt
E & A

LR/10

E & A
No 81-15

Recd on
24/10/15
25/10/15

NOTE—Contn. sheet.

GPB—60,000—7-11 -13

67-b

14554 / 27.10.1583

It appears to me that these proposals, to delegate to the Bank of Mysore a provision of funds for such part of the industrial development of the State as is being carried on under the rules sanctioned by Government for granting Taccavi loans and providing machinery on the Hire Purchase System are altogether premature. The scheme has not been at work long enough to pronounce a final judgment on its merits; neither has it been sufficiently utilised by the people of the State to cause any embarrassment to Government in the matter of providing funds. I recognise to the fullest extent possible that ultimately the financing of industrial development must be carried on by private enterprise; but that can only come about when under Government supervision and with Government assistance a practical working scheme has been evolved. I am of opinion that the lines we are now working on are thoroughly sound, that so far they have worked successfully and that ultimately they will prove of great benefit to the State. I do not think we advance matters in the slightest degree by asking the Bank of Mysore to provide funds whilst Government guarantees the repayment of the instalments. The present scheme simply means that Government will borrow the money from the Bank of Mysore at six per cent. It does not seem to me to be a very advantageous transaction for Government. I presume that so long as Government guarantees all transactions, the Bank of Mysore will simply advance the money on the ~~security~~ Signature of the Director of Industries. The money will not be paid to the ryots and the Bank of Mysore will not get into touch with the ryots as the Bank proposes to throw the onus of the recovery of the instalments on the Director of Industries, Vide condition viii of the Manager's letter of the 27th of February 1914, Exhibit No.52.

The proposals that have resulted from the correspondence between the Comptroller and the Manager of the Bank of

Mysore

Mysore are, in my opinion, unworkable or at any rate will give rise to much unnecessary friction and trouble and if sanctioned, they will be a move in the wrong direction. The Articles of Association of the Bank of Mysore do not permit the Bank to grant loans on the security of landed property and the scheme is only workable so long as Government guarantee the Bank against loss. Directly Government withdraws its guarantee, the Bank will have to withdraw. From the outset, I have always had in mind the absolute necessity of placing this system of advancing money for industrial development either by Taccavi loans or the Hire Purchase System on purely commercial basis and my present object is to show that it can be run at a commercial profit. In normal times, Government can borrow money at about four per cent. and by lending it at 6¼ per cent., there is a sufficient margin to more than cover the working expenses when the system reaches the development which I think it is capable of. I hope that a few years' working under Government will yield results sufficient to justify the transfer of the financial arrangement to private enterprise without the guarantees which the Bank of Mysore now ask for.

8. The question of establishing a Land Bank in Mysore has been raised and if after due enquiry it is found feasible to start such an institution, the financing of Taccavi loans might possibly be taken over by such a Bank without any Government guarantee but with such advice and technical assistance from the Department of Industries and Commerce as is now available. We must have time to show the results of the work we are now doing. We are only just at the beginning of things and to tie ourselves up by any such arrangement as that now contemplated with the Bank of Mysore will, I think, be fatal to the success of our efforts and detrimental to the interests of the Bank which might have to lock up considerable

sums

sums of money at rates of interest which would yield an unsatisfactory return to the share-holders. I am therefore compelled to adhere to the opinions expressed in my No.158 of the 18th of July 1914.

86 One very important matter overlooked in this discussion is the fact that although Government charge 6¼ per cent. interest on the advances made, they do not actually receive 6¼ per cent. on the amount outstanding. An essential feature of the scheme is that they ryot is not called upon to pay interest on the investment till it is actually handed over to him in working order and this involves advancing a considerable amount of money which often earns no interest for several months. The proposed arrangement would introduce an element of rigidity which I think would gravely endanger the success of the movement and in the interests of the Durbar and of the people of the State, I must most strongly protest against it.

87 Recently, Government have sanctioned the establishment of what may be termed Rural Factories on lines which may be taken as a development of the Hire Purchase rules. I allude to the Bannur Rice Mill and Sugarcane Crushing Plant and to the Sugarcane Crushing Plant at Sabbenahalli. In both cases a limited liability Co-operative Credit Society has been formed and is responsible to Government for the advances made. If these factories prove successful, as I hope they will, and if their number increases, it should not be at all difficult to get them ~~to be taken over and~~ financed by Banks founded in connection with the Co-operative movement. Government have embarked upon a scheme of industrial development and in its initial stages it is necessary to provide a considerable amount of financial assistance; but in the interests of the movement itself and to encourage the development of private enterprise, it is desirable that Government should limit its

financial

financial responsibility till the time arrives when by the success of its efforts private capital provided either by individuals or by co-operative arrangements will be fully forthcoming. The scheme under discussion simply compels the Government to borrow money at six per cent. and though possibly this may not be a bad arrangement as a temporary one to meet the exigencies of the financial situation created by the War, it is not likely to prove advantageous to either party later on.

Director of Industries & Commerce,

27th October 1915.

D7-0

General and Revenue Secretariat.

File No. 67 of 1913

Serial No. 55

I agree with the Director of Industries & think that we must give our people sufficient time to understand existing methods of post before a change is introduced. May the matter be open for another 6 or 9 months, till the Financial Year 1915-16 closes. Forwarded

Sd/ 30/10

VS/ 30/10

I do not know how this file marked to me for Sd on 30/10 again came here. Returned

Sd/ 17/1

17/1

In the Baroda state I was informed that the post lent the Bank the money required for loans at 4 per cent and the Bank lent it at 6 per cent to persons whose loans are recommended by the Dept of Industries & Commerce. Then the money will be found

NOTE—Contn. sheet.

GPB—20,000—30-6-15.

mis 205-15

R. S. 12]

General and Revenue Secretariat. | Gen. File No. 67 of 1913

Serial No.

by the Bank but the Bank
takes no risk and the whole
responsibility is the same upon Govt.
The only advantage the scheme has
is that it relieves the work of
the treasuries to a certain extent
and that it introduces another
agency whose interests would make
it very vigilant in insisting upon
punctual recovery of instalments.

4. We are not as yet
forced to lend from borrowed funds
and even if we had to do so
we could not have to pay more
than 4½ p.c. I do not think
the margin of ½ p.c proposed to
be allowed to us sufficient for
us to take all the risks and
leave the profit to the Bank.
We may continue working on the
present basis for some time longer
unless the Bank is prepared to
take also the responsibility for the
recovery of the loans as in Baroda

27/6/16 27/6

2nd Number
1st Number
Person

NOTE—Contn. sheet.

GPB—20,000—30-6-15.

G. R.-S. 12]

General and Revenue Secretariat.

File No. 67 of 1913

Serial No.

The question may be considered at a meeting of the Council, I think, if the Darwan officers

31/1/16

1st member

Yes

11/3/16

Dewan

15/3/.

4816
14.3.16.

I shall be glad if the present First-member will kindly record his opinion, if necessary after consulting the Industries & Commerce Committee.

24.6.16

1st member

25/6

296
28.6

I entirely agree with the Chamber. Their rule of action.

This kind of business is not suitable for transfer to a Bank. and the proposal is, in my mind, undesirable, and not all advantageous legal or otherwise

NOTE—Contn. sheet.

GPB—70,000—17-12-15

Serial No.

Myab.

97 Whether it would be desirable to establish in the system of granting — a Central Registry Office. The Industries Commissioner pointed out that it would be necessary duplicate — to work in the Bombay Presidency under different rules — and that supervision. The records should also be watched by Local Offices.

98 The Land Bank Scheme should in my opinion be kept separate from these enquiries — which primarily relate to the Co-operative Movement Concerns.

99 This being purely administrative question I do not think there is any necessity to consult the T.L.C. Committee

29.6

100 The papers may be filed after perusal

Sir 29/6/16 29/6

Seen 4.7.16

6862
30-6-16

NOTE—Contn. sheet.

GPB—70.000—17-12-15

1

G. R. S. 26]

Gen. File No. 6773.
Serial No. 80

*Diary No. of letter replied to*

No.

General and Revenue Secretariat
( )
, *the* 191 .

To

The Comptroller.

Date of issue 25. 9. 13

Signed by.

Sir,

I am directed to refer to the marginal note and to G.O. No. G. 2097-145-G.M. 5572-239 dated the 2nd. September 1913 issuing rules for the grant of loans for promoting agricultural and industrial operations, and to request you to kindly intimate as early as possible what amount can be ~~made available~~ set apart this year

P.T.O. over.

SUBJECT.

Ulc

for the framing such loans.

Thanks.

C&S
23/9/13
Secy to go out
BR

*List of enclosures.*

*Copied by*

*Examined by*

GPB—25,000—8-8-11.

DIARY No. 2539

3

1913-1914
SECTION Q. M.
FILE No. 67 of 13
No. 89

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

No. 1417 B.&.R.350.

OFFICE OF THE COMPTROLLER, ~~MYSORE GOVERNMENT~~,

*Dated Bangalore, the* ~~4th~~ 5th October 1913.

FROM

J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., etc.,
*Comptroller to the Government of*
*His Highness the Maharaja of Mysore.*

To

The Secretary to the ~~Hon'ble~~,
Government of Mysore,
Departments of Education, Agriculture etc.,

SIR,

With reference to your letter No.G.2775/G.M.67-13-8 dated 25th September 1913 requesting me to intimate what amount can be set apart this year for the grant of loans for Agricultural and Industrial purposes, I have the honour to state that this office has no information as to the amount that will be required for this purpose this year. I request therefore that Government may be pleased to have an estimate of the probable requirements made by the Director of of Industries and Commerce, which if approved by Government, will be included in the current year's Ways and Means Estimate under submission to Government.

I have the honour to be,

Sir,

Your most obedient servant,

J. Chakravarti

For Comptroller

C.V.

4.10.13

Rec.—Gl. 20]

.....Departm

19

From

J. S. CHAKRAVARTI, Esq., M.A., F.R.A.S., et

*Comptroller to the Govt*

*H. H. the Maharaja of My*

To

.....Esq.

.....

.....

Dated

Despatched

Received

No.....

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Subject-matter.

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GPB—1,500—28-6-09

4

G. R. S. 26] 25[illegible]

Gen. File No. 67-18
Serial No. 99

*Diary No. of letter replied to* ---

No. G 3302
Secret

General and Revenue Secretariat
( )
, *the* 191 .

Date of issue 5/11/13

Signed by M. B. Ramamani

To

~~The Comptroller~~
The Dir^r of I & C
in Mysore

Sir

In forwarding herewith a copy of letter No. 2417 | B & Q 350 dated from the Compt^r to Govt 4^th Oct^r 1913, re the amount required for the grant of loans for Agricultural & Industrial purposes during the current year I am directed

SUBJECT.

to request you to
furnish Govt at an
early date with an
estimate of the probable
amount required by
you for the
above purpose.

I have &c

29.10.13

for Secy

*List of enclosures,*

*Copied by*

*Examined by*

GPB—25,000—8-8-11.

GPB—1,000—23-7-13

6

Encl. V

No. (camp) 1.

OFFICE OF THE
DIRECTOR OF INDUSTRIES AND COMMERCE,
"RINGWOOD," HIGH GROUND,
Mysore
~~Bangalore~~, 7th November 1913.

DIARY No. 3294

FROM

ALFRED CHATTERTON, ESQ., C.I.E.,
*Director of Industries and Commerce in Mysore,*
*Bangalore.*

1913-1914
EDUCATION & Agr.
FILE No. 67 1913
SERIAL No. 107

To

The Secretary to the Government of H.H. the Maharaja of Mysore,
Department of Education and Agriculture, Bangalore,
(Camp) Mysore.

SIR,

With reference to your letter No. G.3302/G.M.67-13-99 dated 5th November 1913, I have the honour to state that a lakh of rupees may be allotted for the current year for the grant of Taccavi loans and for payments for machinery to be given to applicants under "Hire "Purchase" system.

I have the honour to be,
Sir,
Your most obedient servant,

Alfred Chatterton

Director of Industries and Commerce.

K.S.

Revised Offr

G.R.S. 26] 13/2 3094

File No. 6713
Serial No. 1897

Diary No. of letter replied to 25/12

3 Copies

No. G 65/12

General and Revenue Secretariat
( )
, the 19 .

To

The Director of I & C
in Mysore

Date of issue 12/11/13

Signed by

Sir

With reference to the correspondence ending with your letter No. Camp 1 dated 7th Novr 1913 requesting an allotment of a lakh of rupees in the current year for the grant of loans for agricultural and industrial purposes I am directed to state that Govt are desirous of investigating the advisability

SUBJECT.

of entrusting the Mysore Bank with the financing of these loans.

In the opinion of Govt the subject can be discussed by yourself, the Comptroller and the Manager of the Bank and proposals placed before Govt for being formally dealt with. I am writing to Mr. Chakravarti and to Mr. Rose and I request you to take the needful action in consultation with them.

I have &c

CRB/12/1914

Secy to Govt

*List of enclosures,*

*Copied by* MWB 13/2/14

*Examined by*

CRB—20,000—23-9-10

9

G.R.S. 26]

File No. 6743

Serial No. 196

*Diary No. of letter replied to*_____

// No. C 6513

General and Revenue Secretariat

(  )

*, the* *19* .

To

1) J. S. Chakravarti Esq M.A
Comptroller, Mysore Govt

Date of issue 17/2/10

Signed by [illegible]

2) W. C. Rose Esq
Manager, Mysore Bank

Sir

I am directed to forward the accompanying copy of a letter No.

dated // addressed to the Dir^r of I & C in Mysore on the subject of the Mysore Bank being entrusted with the financing of [illegible]

SUBJECT.

granted for agricultural
and industrial purposes
under the rules published
with G.O. No. G 2094-145/G.M.
55-12-239 dated 2nd Sept.r
1913.

I am to request you
to kindly act in communication
with Mr Chatterton ~~and do as to enable him~~
to place your joint proposals before
Govt at an early date.

I have &c

CBB
12/7/14
W.J. Reid
BR

List of enclosures,

Copied by GM 13.2.14

Examined by

GPB—20,000—23-9-10

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

Urgent

No. 5104 E
Loans 655-6

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

*Dated Bangalore, the* 13th February 1914.

DIARY No. 581

FROM

J. S. CHAKRAVARTI, ESQ., M.A., F.R.A.S., etc.,
*Comptroller to the Government of His Highness the Maharaja of Mysore.*

1913-14 K
SECTION G. M
FILE No. 67 8(c)
DIARY No. 194

To

C. S. Balasundaram Iyer ESQ., B.A.,

*Secretary to the Government of Mysore,*

Education and Agriculture *Departments.*

Please see Statement attached

SIR,

Adverting to the marginally noted Government Orders sanctioning loans to Agricultural purposes, I have the honor to bring to your notice that no allotment is set apart for the grant of these loans as required in para 4 of Government Order No. G.2097-145/G.L.55-12-239 dated 2nd September 1913. As the Director of Industries and Commerce is pressing for the payment of some of these loans, I request that you will be so good as to arrange for the communication of the order through the Financial Branch at a very early date.

I have the honor to be,

Sir,

Your most obedient servant,

S.A.M.

For Comptroller.

HJR.

Rec.—Gl. 17]

.....Department.

191 .

FROM

J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., etc.,
*Comptroller to the Govt. of*
*H. H. the Maharaja of Mysore.*

To

.....ESQ.,
*Secretary to the Govt. of Mysore,*
.....*Dept.*

Dated

Despatched

Received

No. .....

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Subject matter.

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| (1) | Government Order No. | G.4019-20/G.M.166-13-18 | dated | 2nd | December | 1913 | of Mr. Siryada Gannanna Kyatsandra, Ooradigere Hobli, Tumkur Taluk. |
| (2) | ,, | G.4423- 4/G.M.166-13-21 | ,, | 12th | do. | | of Mr. C.Raghunatha Rao of Sanyasanahalli Devanhalli Taluk, Bangalore. |
| (3) | ,, | G.4448- 9/G.M.166-13-23 | ,, | 13th | do. | | of Sunjiva Gowda, Patel of Pothanahalli, Thondabhani Sammal, Goribidnur Taluk. |
| (4) | ,, | G.4450- 1/G.M.166-13-24 | ,, | 13th | do. | | of Mr. Sunnahasappa and his two brothers, Jigala Village, Harihar Sub Taluk. |
| (5) | ,, | G.4796- 7/G.M.166-13-30 | ,, | 23th | do. | | of (Gundappa Naik, Harihar Naik ) |
| | | | | | | (2) | Dattatri Rao Krishnappa ) |
| | | | | | | (3) | Venkanna Sastri Govinda Sastri ) of Harihar. |
| | | | | | | (4) | Ananta Naik Nagappa Naik ) |
| | | | | | | (5) | Gundappa Naik Krishnappa Naik ) |
| (6) | ,, | G.5291- 2/G.M.166-13-34 | ,, | 15th | January | 1913 | Badpey Gowda of Kallempalla Sira Taluk |
| (7) | ,, | G.5425- 6/G.M.166-13-36 | ,, | 17th | do | 1914 | Chick Ranga Gowda, Patel of Yelladabbagi Village, Kallambalahobli, Sira taluk. |
| (8) | ,, | G.5423- 4/G.M.166-13-35 | ,, | 17th | do. | ,, | Gurusidappa, Patel of Kagalgiri, Holalkere „ |
| (9) | ,, | G.5541- 3/G.M.166-13-37 | ,, | 21st | do. | ,, | Mr. R.C.Muniappa and his brother Nandakala Muniappa, Bangalore City. |
| (10) | ,, | R.5630- 2/Agri.144-12-4 | ,, | 27th | do | ,, | Mr. H. Ormerod, Secretary, Scovarll's Estate Limited. |

G.R.S. 28]

ab

6/3
5817

Diary No. of letter replied to

File No. 67-13
Serial No. 211

*Proceedings of the Government of His Highness the Maharaja of Mysore*

GENERAL AND REVENUE SECRETARIAT.
( )

*the* 191

Date of issue 7. 3. 14

Signed by Sd/ S.P Rayagopalayya

READ—

Para 4 of Govt Progs. No. G. 2097-145/G.Rm.55-12-239 dated 2nd Sept 1913 stating that a sum of more will be set apart every year ~~ORDER THEREON. No.~~ for the grant of loans for agricultural & industrial purposes.

(2) Correspondence ending with letter No Camp 1 dated 7th Nov 1913 from the Dir.

SUBJECT.

of Industries and Commerce
in Mysore stating that a
lakh of rupees may be ~~allo~~
allotted in the current year
for the ~~to~~ grant of the
loans referred to above.

(3) Letter ~~dated~~ No. 5104
dated 13th Feb 1914 from
the Comptroller to Govt pointing
out that no allotment of
funds is set apart for
the grant of the loans in
question during the current
year and requesting that,
as the Dir of I & C is
pressing for the payment
of funds & on account
of some of the loans ~
recently sanctioned by Govt,
early orders may be
passed in the matter

Order thereon No.

GPB—20,000—2-10-11

The Comptroller

G. R. S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

is requested to set apart a lakh of rupees ~~for~~ for the grant of the loans during 1913–14 and to issue instructions for ~~the Account~~ funds being disbursed to the Dir out of this amount according to the procedure prescribed in G.O. No. G 6770-1/ G. No 166-13-44 dated 25th Feb 1914.

C&S 2/3/14
Secy Fin

To the Dir of I & C
" Comptroller thro' the Trial Supdt
" Secy to Govt

GPB—12,000—15-2-13.

No. 157
2 Encl.

OFFICE OF THE
DIRECTOR OF INDUSTRIES AND COMMERCE,
"RINGWOOD," HIGH GROUND,

16

*Bangalore,* 18th July 1914

DIARY No. 632

FROM

ALFRED CHATTERTON, ESQ., F.C.G.I., C.I.E.,
*Director of Industries and Commerce in Mysore,*
*Bangalore.* (India)

1914 1915
SECTION G.
FILE No. 67 (1)
SERIAL No. 316

To

The Secretary to the Government of His Highness the Maharajah of Mysore For Education and Agriculture, Bangalore.

SIR,

In reply to your No. G. 520, dated the 17th July 1914, I have the honour to state that, after consultation with Messrs Chakravarti and W.C. Rose, I am of opinion that it will be impracticabl for the Bank of Mysore to finance the loans granted for agricultural and industrial purposes. Apart from any other considerations, the Articles of Association of the Bank do not permit the loan of money on the security of immovable property, and I do not think it will be wise, at this early stage in the Bank's career, to make any chang in this respect. The under-lying principle of "Takkavi" is that of a paternal Government granting aid to its subjects, and the administration of the former is not likely to be successful if carried on on strictly commercial principles. In years of drought or famine, Government may come to the assistance of the cultivators of the soil by postponing its demands, but this will be impracticable in the case of a Bank. The administration of Takkavi loans by a Bank will be very difficult and cumbersome.--- But it seems hardly necessary to go into details, as, on general principles, it is not desirable to make any change.

I have the honour to be,

Sir,

Your most obedient servant,

Alfred Chatterton

Director.

V.S.N./-